

Tennessee Higher Education Commission
Performance Funding Standards 2000-01 through 2004-05

EXECUTIVE SUMMARY

- Since 1967, the Tennessee Higher Education Commission has been responsible for promoting, coordinating, and unifying Tennessee higher education. Overall, THEC is responsible for a variety of higher education statutory requirements that range from funding formula issues to strategic planning to academic program approval.
- Since the beginning of the performance funding program in 1978, the Tennessee Higher Education Commission has coordinated the performance funding initiative, an incentive-based funding initiative for public higher education that financially rewards exemplary institutional performance on selected measures of effectiveness.
- The program is administered on five-year cycles; the current cycle covers 2000-01 to 2004-05. The current assessment, criteria, and scoring protocols of the current performance funding cycle were developed with the active participation of TBR and UT staff as well as statewide college and university participation.
- Through the performance funding program, THEC continues to promote its traditional principles of equity, excellence, accessibility, and accountability. The main emphasis of the program is a fundamental commitment to promote improvement in quality and performance of public colleges and universities.
- Performance funding assessments address:
 - General education
 - Pilot test of general education
 - Program accreditation/peer review
 - Academic program assessment (major field)
 - Student/alumni/employee satisfaction
 - Job placement
 - Articulation
 - Retention/graduation
 - State and institutional planning priorities
 - Specific enhancements in program quality
- Through performance funding, public colleges and universities can receive up to 5.45 percent over and above their annual formula generated appropriations based upon exemplary performance levels achieved on selected assessment areas.
- Since the beginning of the performance funding program, over \$340 million has been earned by public higher education institutions through successful achievement of measurable outcomes.
- Tennesseans enrolled in public colleges and universities are the primary “direct” recipients of performance funding program benefits. The benefits, as documented in detail over the years, include improved programs and services quality related to instruction, research, and service elements of institutional missions.
- Students and faculty are at the “heart” of the performance funding program initiative; the improvement of student outcomes resulting from the highest quality instruction remains the program’s focus.
- Maximum institutional flexibility and resourcefulness is encouraged by the program. This would include the selection of designated priorities for assessment as well as assessment instruments and methodologies.
- Overall, the State of Tennessee, TBR and UT governing boards, and each public institution of higher education are mutually supported and strengthened through this program.

The following page shows a summary of the performance standards and point distribution for universities and two-year institutions that will be measured from 2000-01 through 2004-05.

Note: Standards have been revised to reflect updates to Transfer and Articulation (year 3 only) and Graduate Program Review (years 4 and 5 only).

May 2003

Point Distributions for the 2000-01 through 2004-05 cycle

Performance Standards	Points	
	2 year	4 year
Standard One – Academic Testing and Program Review		
A. Foundation Testing of General Education Outcomes	15	15
B. Pilot Evaluations of Other General Education Outcome Measures	5	5
C. Program Accountability		
Program Review	5	10
Program Accreditation	10	15
D. Major Field Testing	15	15
Standard Two – Satisfaction Studies		
A. Student/Alumni/Employer Surveys	10	10
B. Transfer and Articulation	NA	5
Standard Three – Planning and Collaboration		
A. Mission Distinctive Institutional Goals	5	5
B. State Strategic Plan Goals	5	5
Standard Four – Student Outcomes and Implementation		
A. Output Attainment		
1. Retention/Persistence	5	5
2. Job Placement	15	NA
B. Assessment Implementation	10	10
Total Points	100	100

GENERAL PROVISIONS

1. These standards and provisions shall apply to all public universities, community colleges, and technical institutes in Tennessee.
2. Each institution shall annually conduct the assessment activities required by the performance funding standards and shall report the results to its governing board and, through it, to the Tennessee Higher Education Commission.
3. Reports are due to the governing boards by July 1 of each year and to the Tennessee Higher Education Commission by July 15.
4. All sampling plans must be submitted to and approved by the Tennessee Higher Education Commission.
5. Any external/supplemental data needed to complete institutional reports will be provided by the Commission.
6. All information provided as additional documentation in these standards must be included with the institution's completed Performance Funding Reporting Template. This information (if text files or documents) should be included in either WordPerfect or Microsoft Word format. Any additional spreadsheets included with the template (e.g., major field test results) should be in Microsoft Excel format.
7. Any hard text documentation that supports the Performance Funding Reporting Template should be submitted to the Commission through the governing boards.
8. Final responsibility and authority for implementation of these standards reside with the Tennessee Higher Education Commission.
9. Final versions of the templates, pilot proposals, and supporting materials will be made available on the web for review, research, and outside analysis. This web-page will serve as a statewide accountability report for higher education in Tennessee.

STANDARD ONE: ASSESSMENT

A. *Foundation Testing of General Education Outcomes*

Points: 15 points

Purpose: This standard is designed to provide incentives to institutions for improvements in the quality of their undergraduate general education program as measured by the performance of graduates on an approved standardized test of general education.

Evaluation: Foundation testing is measured by the overall performance (mean score) of an institution. National norms will be drawn from the same population as the institution, e.g., for two-year institutions, the national norm will be drawn from all two-year institutions utilizing the particular instrument chosen by the institution.

Processes:

1. Testing instruments must be selected before the beginning of the cycle. Institutions must use either the California Critical Thinking and Skills Test, College BASE, or ETS-Academic Profile to measure performance for this indicator. Institutions which elect to implement the College Base or ETS-Academic Profile are permitted to select from either the long or short versions of each test.
2. Institutions may elect to switch testing instruments at the beginning of year three of the cycle. This adjustment must be approved by both the commission and board staffs. If an institution elects to switch instruments in year three, scoring will be adjusted based upon the same criteria used to derive scores for institutions who changed instruments at the onset of the cycle.
3. Testing for this standard will be applied to all undergraduate students who have applied for graduation (either at the associate or baccalaureate level). Students who are solely pursuing certificate degrees are excluded from testing. Four-year institutions should not test students in associate degree programs.
4. Students graduating in all terms of the year (summer, fall, and spring terms) are subject to be tested. International students for whom English is not their native language should not be included in calculations and should not be tested.
5. Institutions graduating more than 400 students in any year may apply to the Commission, through the governing boards, for permission to test a representative sample of graduates. At least 15% of the graduates must be tested if an institution chooses to sample, but in no case should fewer than 400 students be tested. Furthermore, documentation is required demonstrating that the sample is statistically representative of the institution's graduates.
6. Institutions that do not sample may exclude some of their graduates from foundation testing so that they can participate in pilot evaluations of general education. The percentage of students excluded for pilot testing is subject to advance approval by both Commission and governing board staff.
7. Institutions may exclude students from testing for "good cause." Good cause exemptions must be supported by documentation from the institution's chief academic officer. Exceptions should not be approved for simple inconvenience. This material should be available for review by Commission staff if needed.
8. A copy of the score notification letter from the testing company must accompany the Performance Funding Reporting Template.

Clarifications: Because of the termination of ACT COMP, a large number of institutions were forced to implement new foundation tests in the first year of this cycle. In an effort to accommodate the concerns of institutions making this transition, several adjustments to the scoring procedures have been made. Institutions moving to new instruments have the following point allocation options for the first year of this cycle:

- Year 1 of the 2000-01 through 2004-05 cycle will serve as the baseline for establishing benchmark scores for the cycle. In the first year of the cycle, if an institution's score is above

the national norm, it will receive **at least** 11 points. If below the appropriate national norm, it will receive **at least** 8 points for this indicator.

- If the institution scored above the appropriate national norm, and its average point distribution for Standard 1 in the past cycle is higher than 11, the institution will receive the average points awarded during the past cycle.
- If an institution scored below the national norm, and its average point distribution for Standard 1 during the past cycle was higher than 8, the institution will receive the average points awarded during the past cycle.

Scoring: There are three methods for scoring performance on this standard. The method which results in the largest point award to the institution is used. No institution may receive more than 15 points on this standard in any given year of the cycle.

Option 1 - Comparison to national norms and trends of the institutional score

1. Compare the current test score to the national norm score to establish base points. If the test score is at or above the national norm score, the institution receives 11 base points. If the test is below the national norm, the institution receives 8 base points.
2. The base points are increased or decreased if there is a *notable change* in the current test score. *For purposes of this standard, a notable change is indicated if the current test score has changed by 1.7 points on the California Critical Thinking and Skills Test, to be determined points on the ETS – Academic Profile Test, or 4.0 points on the College BASE.*
 - In year 1, compare the current test score to the most recent test score (if available). If the change is notable, add 1 point to the base points if the change is an increase; subtract one point if the change is a decrease.
 - In years 2-5 of the cycle, compare the current test score to the most recent score in the cycle which shows a notable change. Add one point to the previous year's points if the change is an increase; subtract one point from the previous year's points if the change is a decrease.
 - If the institution is at/or above the national norm, it cannot receive less than 11 points for this indicator.

Option 2 - Comparison with the previous cycle and subsequent changes in test scores

In the first year of the cycle, a comparison is made to prior cycle performance.

1. Average the points received from the previous cycle of performance funding to establish base points.
2. Compare the current score to previous scores using the notable change criteria (as defined above):
 - In year 1, compare the current test score to the most recent test score (if available). If the change is notable, add one point to the base points if the change is an increase; subtract one point if the change is a decrease.
 - In years 2-5 of the cycle, compare the current test score to the most recent score in the cycle which shows a notable change. Add one point to the previous year's points if the change is an increase; subtract one point from the previous year's points if the change is a decrease.

Option 3 - Comparison of test scores to percentile ranking

If an institution's current test score is at/or above the 60th percentile (four-year) or 55th percentile (two-year) when compared to the national norm score, then the institution is awarded the full 15 points. However, if the institution's score at any time drops below the prescribed percentile level, then scoring will proceed as in Option 1 or Option 2.

B. *Pilot Evaluations of Other General Education Outcomes Measures*

Points: 5 points

Purpose: Pilot projects provide institutions an opportunity to experiment with alternate or supplementary methods of evaluating the undergraduate general education program. The pilot evaluation must measure the performance of associate or baccalaureate degree graduates through the use of a testing instrument different from the one used in foundation testing (Assessment Indicator A).

Evaluation: While Foundation Testing provides one opportunity for evaluating general education, an institution may also choose to research and pilot alternate means of evaluation, such as:

- Nationally standardized test not used by the institution under Assessment Indicator A
- Rising-junior evaluations
- Portfolios or other methods designed to assess general education
- Locally developed tests for an individual campus or cooperatively developed tests involving two or more institutions.

Process: Institutional participation in the pilot evaluation is optional. If an institution has no pilot project in progress for a given year of the cycle, all points for the Indicators A and B of the Assessment standard (i.e., 20 points) will be based on the foundation testing results.

An outline of the proposed pilot evaluation must be submitted to the governing board and the Commission for approval prior to the start of the project. This outline must include:

- Rationale—Describe what the pilot project will evaluate that is not already evaluated by standardized tests used in Assessment Indicator A.
- Replicability—Describe how the pilot should produce results that can be used at other institutions.
- Relevance to SACS—Describe how the pilot project relates to the institutional effectiveness criteria identified by SACS.
- Sampling Plan—If sampling, describe the sampling procedures used to generate valid results. Institutions that do not use sampling in Foundation Testing may exclude some of their students from foundation testing to be used in pilot evaluations for this standard.
- Institutions may pilot no more than three instruments during the cycle and in all cases must have approval of their governing board and the Commission before beginning a new pilot project.

Scoring: Full points for this standard will be awarded if institutions complete the following:

- Institutions planning to pilot a standardized test and those continuing a pilot project from the previous cycle must submit their pilot plans prior to the first year of the new cycle for approval by their governing board and the Commission. Institutions planning to pilot an alternative to standardized testing may use the first year of the cycle as a planning year.
- In years one through four of the cycle, all institutions will submit a summary progress report on their pilot projects as part of their Performance Funding Reporting Template. This summary will be posted on THEC's Performance Funding web page.
- The final-year report will summarize the pilot projects and include analysis of the full project, relevant statistics and conclusions, and a framework for adaptability and feasibility for statewide testing. Results of pilot projects must also be shared with the campus community and included as a portion of the reporting requirements mandated by Standard Four.

C. *Program Accountability*

Points: **25** points for universities; **15** points for two-year institutions

Purpose: This assessment indicator is designed to provide incentives for institutions to achieve and maintain program excellence and accreditation.

Evaluation: For those programs that are accreditable, evaluation will be based on the percentage of eligible programs which are accredited. For those programs that are non-accreditable, evaluation will be based on a set of objective and qualitative standards. Institutions must evaluate each non-accreditable program at least once during the five year performance funding cycle.

Processes:

1. Only programs which appear on the Tennessee Higher Education Commission Program Inventory are eligible under this standard. Options, concentrations, or other sub-majors are not covered under this standard, even if separately accredited.
2. A program is defined as eligible for the accreditation aspect of this indicator if there is a recognized agency which accredits programs for that field and degree level. Commission staff will maintain a list of approved accrediting agencies. The Commission reserves the right to determine if program accreditation is consonant with institutional mission and/or the state master plan for higher education.
3. Institutions or groups of institutions may petition the Commission through their respective governing boards to include, or exclude accrediting agencies from the approved list. An agency may be added/deleted upon affirmation from a majority of the institutions affected by the nominated agency.
4. All institutional programs should be considered for **accreditation**, unless they meet the following exceptions:
 - Have been approved by the Commission for fewer than five years, unless the program is accredited by a recognized agency;
 - Have been terminated or are being phased out by governing board action;
 - Have been placed on "inactive" status by the governing board;
 - Appropriate accrediting agency does not exist;
 - Have obstacles to accreditation because of program organization or curriculum.
5. Proposals for changes in the eligibility of programs must be submitted to Commission staff by January 1 of each year of the cycle.
6. If multiple programs are accredited by a single agency, each program counts separately for this indicator.
7. A program eligible for accreditation by more than one agency will be counted only once for this indicator, although all accreditation must be reported so that the Commission can maintain accurate accreditation data.
8. External reviews must be conducted by at least one qualified out-of-state consultant selected through a process which has received prior approval from board and Commission staff. Selection of consultants is subject to review by governing boards and Commission staff.
9. All **non-accreditable** degree and certificate programs must be evaluated through program review. Only those programs that are low-producing are exempted from the program review portion of this indicator. Low producing programs are defined as follows:
 - Associate or bachelors degree programs that did not generate an average of 10 graduates per year, or a minimum of 30 graduates during the prior cycle.
 - Masters degree program that did not generate an average of 5 graduates per year, or a minimum of 15 graduates during the prior cycle.
 - Doctoral degree program that did not generate an average of 3 graduates per year, or a minimum of 9 graduates during the prior cycle.
10. If a degree or certificate program is claimed as a low-producing exemption, this claim must be accompanied with documentation detailing the role of the program with respect to the university's mission and justification for the exemption.

11. Each institution will notify the board and Commission of its cycle of evaluations for all non-accreditable programs. This schedule must coincide with the five year Performance Funding cycle. Furthermore, institutions are required to review approximately 20% of their non-accreditable programs per year. Institutions may begin this cycle with a “clean slate” regarding the timing of reviews. Institutions will not be held to the timeline from the previous cycle.
12. Scoring will be cumulative. All non-accreditable programs scored in the previous cycle will remain and new scores will be added in each succeeding year of the cycle. Furthermore, institutions can carry forward the results of programs reviewed during the previous cycle.
13. For each non-accreditable program, the completed summary evaluation sheet from the external reviewer(s) must be included with the institution’s Performance Funding Reporting Template. THEC reserves the right to request additional documentation related to accreditation and program review as needed.
14. Care must be taken in establishing the review schedule, for it is expected that the institution will strictly adhere to it. Requests for changes to the schedule must be approved by governing board and Commission staff by January 1 of the reporting year.

Scoring: Scoring for this standard will be determined by taking the sum of an institution’s score for the accreditation and program review indicators.

Accreditation: The number of accredited programs will be divided by the total number of accreditable programs to calculate the overall accreditation percentage. This percentage is used to generate points for this standard based on Table 2A-1 for universities or Table 2A-2 for two year institutions.

Table 2A-1 (Universities)

Percent Accredited	Below 70%	70% to 71%	72% to 73%	74% to 75%	76% to 77%	78% to 79%	80% to 81%	82% to 83%	84% to 85%	86% to 88%	89% to 91%	92% to 93%	94% to 95%	96% to 97%	98% to 99%	100%
Points	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

Table 2A-2 (Two-year institutions)

Percent Accredited	Below 70%	70% to 74%	75% to 78%	79% to 81%	82% to 84%	85% to 87%	88% to 90%	91% to 93%	94% to 96%	97% to 99%	100%
Points	0	1	2	3	4	5	6	7	8	9	10

Non-Accreditable Undergraduate Programs: For non-accreditable undergraduate programs, scoring is accomplished by dividing the total number of successful standards met by the total number of scored standards, excluding those judged “Not Applicable”. The resulting percentage will be applied to Table 2B-1 to award points.

Table 2B-1

Successful Standards	Below 50%	50% to 60%	61% to 70%	71% to 80%	81% to 90%	91% to 100%
Points	0	1	2	3	4	5

Non-Accreditable Graduate Programs: Graduate programs are evaluated in two parts: (1) objective standards and (2) qualitative standards. The objective standards are scored by averaging the objective standards met for all programs being evaluated. The resulting value is compared to Table 2B-2 to determine the points awarded.

Table 2B-2

Average Standards Met	0, 1, 2	3 or 4	5 or 6	7 or 8	9	10
Points	0	0.5	1	1.5	2	2.5

Due to the modification of the Graduate Program Review Checklist, Table 2B-2 has been revised. The revised Table 2B-2 will be effective beginning with the fourth year of the cycle (2003-04). Two

objective standards (culminating experience and application of knowledge) have been integrated with the existing objective standards.

Revised Table 2B-2 (effective 2003-04)

Average Standards Met	0, 1, 2	3 or 4	5	6	7	8
Points	0	0.5	1	1.5	2	2.5

The qualitative standards are scored by averaging the qualitative scores for all programs being evaluated. The resulting value is compared to Table 2B-3 to determine the points awarded.

Table 2B-3

Average Score	Below 1	1 to 1.4	1.5 to 1.8	1.9 to 2.3	2.4 to 2.7	2.8 and above
Points	0	0.5	1	1.5	2	2.5

The points awarded from the two tables above are summed to get the total points awarded for this indicator.

D. MAJOR FIELD ASSESSMENT

Points: 15 points

Purpose: This indicator is designed to provide incentives for institutions to improve the quality of major field programs as evaluated by the performance of graduates on approved examinations.

Evaluation: A major field will be considered successful if the test score is either at or above a recognized norm or shows improvement over a previous testing. Each program (including licensure testing) will be reported once during the five-year cycle.

Processes:

1. Prior to the beginning of the cycle, a list of approved major field tests and measures will be developed by the Commission. During the cycle, tests may be submitted through the governing boards to the Commission for consideration for inclusion to the approved list. In major areas in which national standardized tests are not available, or where faculty do not consider available tests appropriate, institutions may develop test instruments - either on a single campus or in concert with other schools. If such tests are developed, plans should be made for pilot testing to provide for evaluation and to develop scores for subsequent comparison for scoring purposes. These plans should be submitted to both the governing boards and Commission staff for prior approval.
2. If an institution develops a local test instrument, no more than 20% of the test content may be modified between testing cycles. This ensures data continuity and comparability of results.
3. Prior to the beginning of the cycle, institutions will submit a test schedule which ensures that approximately 20% of programs are tested each year. This schedule must be approved by the appropriate governing board and Commission staff.
4. Scoring will be cumulative. All programs that have been scored in prior years of the cycle stay on the list and new scores are added to the list in each succeeding year of the cycle.
5. In programs for which national norms are not appropriate, but for which pass rates are appropriate, comparisons may be made to those pass rates and prior institutional pass rates.
6. When a program is assessed for this standard, all students graduating in that program must be tested. Exceptions for individual students (for good cause) must be approved by the chief academic officer. Exceptions should not be approved for simple inconvenience.
7. For purposes of this standard, a major field is defined as all programming at one degree level bearing the same name. For example, a B.A. and B.S. in Psychology would be considered as

one field. Other closely related fields may be considered as one field at the request of the institution and the approval of the governing board and the Commission.

8. If both associate and baccalaureate degrees are offered in a field and if testing is appropriate to both levels (e.g., nursing), then all graduates at both levels must be tested and reported.
9. Programs will be exempt from the requirements of this indicator if any of the following conditions exist:
 - Program has not been in operation for at least five years prior to the beginning of the cycle;
 - Program has not generated an average of 10 students per year, or a minimum of 30 graduates during the prior cycle;
 - Program is interdisciplinary, multidisciplinary, or self-designed to include several related fields;
 - Program is a certificate program, or
 - Program is a performance-oriented program in the fine or performing arts.
10. Institutions may submit other programs for exemption through their respective governing board for consideration by the Commission.
11. A copy of the results from the scoring template must be included with the Performance Funding Reporting Template for each reported program.

Scoring:

1. Each major field test should be compared to national norms or national pass rates when available. If national data are not available, then a comparison is made to the most recent test score (or a baseline score for new tests). The scoring method which results in the largest point award is used.
2. The national norm or pass rate will be subtracted from the current year's score. The resulting value will be scored by comparison to the standard error of the test according to the following criteria.
 - If the value falls between ± 2 standard errors of the national norm or the pass rate, the program will be given a score of 1.
 - If the value is less than 2 standard errors below the norm, then the program will be given a score of 0.
 - If the value is greater than 2 standard errors above the norm, then the program will be given a score of 2.
3. This score is then multiplied by the number of students taking the test to control for program size (e.g., a test with 14 takers that receives a score of 1 would be assigned a weighted score of 14).
4. The weighted scores for all tests during the cycle are summed. The resulting value is divided by the total number of test takers during the cycle to arrive at the average test score. The resulting value will be applied to the Table 1D to award points on this standard.

A major field scoring template will be included with Performance Funding Reporting Template. This scoring template calculates an average and assigns standard values for pass rates. In situations where pass rates are used, enter a 1 as the score for a student who passed the test or enter a 0 for a student who did not pass the test. Previous performance and/or national norms (or pass rates) can be entered as well. A weighted score will be generated which should be entered into the institution's reporting template.

Table 1D

Score	0	0.01	.02to .03	.04to .05	.06to .07	.08to .09	.10to .19	.20to .29	.30to .39	.40to .49	.50to .59	.60to .69	.70to .79	.80to .89	.90to .99	1.00 or above
Points	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

STANDARD TWO : STUDENT SATISFACTION

A. *Enrolled/Alumni/Employer Survey*

Points: 10 points

Background: In order to rectify several deficiencies noted in the prior cycle, THEC elected to include national norms as applicable, and to score each of the question items equally. Rather than grouping questions into factors and assigning statistical values, the new methodology gives each question equal weight and utilizes event counts for scoring.

Purpose: This indicator is designed to provide incentives for institutions to improve the quality of their undergraduate programs as evaluated by surveys of recent graduates, presently enrolled undergraduate students, and regional and/or national employers of recent graduates.

Evaluation: In the 1st and 4th year of the cycle, institutions will administer the *Enrolled Student Survey* to a representative sample of undergraduate students. In the 2nd and 5th year of the cycle, institutions will administer the *Alumni Survey* to all alumni who graduated two years before the survey is administered. In the 3rd year of the cycle, institutions must survey their local, regional, and national employers as applicable. The information gained from all three of these surveys will allow institutions to have a better gauge of internal and external perceptions of their various clientele groups.

Processes:

Enrolled Student Survey

1. Institutions will administer the *Enrolled Student Survey* to a representative sample of their undergraduate students. Two versions of this survey have been designed - one for universities and one for two-year institutions. Both versions explore the perceptions of enrolled students regarding the programs, services and environment of the institution.
2. Institutions may distribute the survey to a statistically representative sample of their student body. Institutions with fewer than 5,000 undergraduate students will survey at least 20% of undergraduates. Institutions enrolling between 5,001 and 10,000 undergraduate students will survey at least 15%, and those enrolling more than 10,000 undergraduates will survey at least 10%. All survey distribution and sampling plans must be approved by governing board and Commission staff.
3. Institutional sampling plans should exclude freshman. Furthermore, the intent of this standard is to survey degree seeking students.

Alumni Survey

1. Institutions will administer this survey to their recent alumni. There are two versions of this survey (2 and 4 year) to meet the unique needs of each classification. This survey gauges alumni perceptions of their college experience, provides information on employment history, and helps to assess the impact of educational programs and experiences from the perspective of recent alumni.
2. All undergraduate alumni shall be surveyed from an entire year (graduates from summer, fall and spring terms). Alumni known to be residing outside the United States should be excluded. Alumni are defined as any individual who has successfully completed an associate degree level program at a two-year institution or a bachelor's level program at a four-year institution. All other degree holders should be excluded from testing.
3. In order for an institution to receive points for this indicator, institutions must follow the Total Design Method (Dillman 1978) in which there is an initial survey mail-out, a post-card follow-up, and a final mail-out of the survey to all non-respondents. This procedure should be documented and available for review by the Commission and governing board staff as needed. It should be noted that the Tennessee Higher Education Commission is working diligently to provide alternative delivery methods such as web-based surveys in order to reduce costs. The distribution cycle detailed above may change to accommodate this development.

Employer Survey

1. An outline of the proposed *Employer Survey* must be submitted to the governing board and the Commission for approval during the 2nd year of the cycle. This proposal must include:
 - Rationale: Describe how the survey will assess the needs/opinions of regional employers of recent alumni.
 - Sampling Plan: Describe the sampling procedures used to generate valid results. Institutions may conduct mail surveys, telephone surveys, focus groups, or elite interviews with recognized employers of recent graduates.
2. The survey is to be implemented during the 3rd year of the cycle.

Employer Survey Scoring: Full points for this standard will be awarded if institutions implement their surveys as approved and provide a preliminary analysis of the results to THEC and the governing boards.

ESS/Alumni

Scoring: Scoring for the *Alumni* and *Enrolled Student Surveys* will be as follows: Success will be demonstrated by scoring at/above the external norm (state norm used if national norm not available) or at/above the institution's prior performance. Furthermore, if an institutional mean is above the external norm (state norm used if national norm not available) or their prior mean, they will receive a positive value for the question item. Conversely, if the score is below each of the indicators listed above, the institution will receive a negative value for the question item. The following questions from the *Alumni* and *Enrolled Student Survey* will be scored in the new cycle:

QUESTION	EXEMPTIONS/NOT SCORED	NATIONAL NORM AVAILABLE
Q1		Yes
Q3		Yes
Q4		Yes
Q5		Yes
Q6		Yes
Q8	(practicum/indicator/service learning)	Yes
Q9		Yes
Q10	(usefulness of info learned in class) (clarity of degree requirements)	Yes

Overall scores for the Alumni and Enrolled Student Survey will be determined as follows:

Number of Successful Question Items		Score
36-33	91.9%	10
32-30	83.8%	9
29-27	75.7%	8
26-24	67.6%	7
23-21	59.5%	6
20-17	48.7%	5
16-13	37.8%	4
12-9	27.0%	3
8-5	16.2%	2
4-2	8.1%	1
1-0		0

B. *Articulation and Transfer Standard (University Only)*

Points: 5 points

Purpose: This indicator is designed to provide incentives for institutions to qualitatively and quantitatively improve and enhance transfer and articulation by evaluating institutional progress in the areas below. This standard will encourage institutions to enhance the number and quality of articulation agreements, enhance the quality of the transfer process, and increase transferability.

Evaluation: Institutions will develop benchmarks for each year of the cycle, and report progress annually. This indicator is divided into two sections, each of which must be addressed in order to receive full points for this standard.

Section One: Transfer and Articulation

Articulation is defined by the Statewide Articulation Issues Committee (1996) as “formal agreements between institutions which allow students who complete a specified program or group of courses at one institution to transfer to another institution without significant loss of credit.”

- Institutions will thoroughly review the content of all existing articulation agreements, evaluating their content for currency, comprehension, and accuracy in dissemination.
- Institutions will undertake the process of revision and re-negotiation of all articulation agreements identified as antiquated; unclear, difficult, and/or impossible to maintain; and which exclude or lack critical programs, groups of courses, or other components to such an extent that they fail to allow students to transfer from one institution to another without significant loss of credit. This review includes the expansion of articulation agreements to include the A.A.S. degree and inverted 2/2 programs.
- Institutions will review and/or investigate patterns of student matriculation and develop articulation agreements between all appropriate public and independent institutions.

Transfer is defined by the Statewide Articulation Issues Committee (1996) as “the process which allows students to move from one institution to another, with or without an articulation agreement, and submit a transcript for acceptance at the receiving institution.”

- Institutions will appoint or assign duties to a single, high-visibility office or person to serve as a contact point for students with articulation or transfer questions/problems.
- Institutions will provide all necessary and appropriate information to transfer students clearly outlining all policies, procedures, rights, and responsibilities including, but not limited to, information regarding: the transfer process; course equivalencies or groups of courses or programs that are specifically designed to provide ease in the transfer process; and the appeals process for the transfer of credits. This information will be provided in the form of institutional transfer guides and catalogs (electronic and paper), orientation sessions for transfer students, simplified course equivalency tables, and timely and proper academic advisement.
- Institutions must submit a report which details transfer problems identified as a result of the activities undertaken above. Furthermore, institutions must identify all corrective mechanisms and policy changes undertaken to correct these problem areas.
- All of the material and processes noted above must be documented and submitted to THEC in electronic format for inclusion on the Commission’s Performance Funding Web Page.

Section Two: Institutional Self Assessment

- *Phase I:* Institutions will provide a self assessment plan which details the significance of the study, research objectives, methodology, constructs, sample size, paradigm fit, and timeline/benchmarks to qualitatively and/or quantitatively assess the transfer function and the experiences of transfer students throughout the transfer pipeline (i.e., contact through graduation). This plan will also include strategies for identifying best and worst practices and institutional barriers to effective

transfer. Institutions will undertake the process of institutional research to assess transfer and articulation and fully implement the aforementioned plan. Institutions will collect data for the first year of the cycle. Furthermore, a comprehensive revision/review of all articulation agreements must be completed by the end of year one. Institutions will then move to Phase II of this indicator.

- **Phase II:** Institutions will submit a comprehensive report of their findings in the second year of the cycle. This comprehensive report will include all findings, limitations, assessment tools or instruments, and data collection methods used to investigate the transfer process and explore the experiences of transfer students. The comprehensive report will also contain a detailed plan for improving the transfer process, and the matriculation and graduation of transfer students at the institution. The report will contain benchmarks and a timeline for the implementation of the strategies contained in the plan, and a rationale for the prioritization of the implementation strategies contained therein. Institutions must develop goals and benchmarks related to: ¹the fall-to-fall retention of transfer students; ²overall number of transfer students; and, ³retention of at-risk transfer students. At-risk transfer students are defined as those transfer students with a G.P.A. lower than 2.25 at the time of transfer.
- **Phase III:** During years three through five of the cycle, institutions must make significant improvements in each of the problem areas identified in the institutional self assessment plan. Significant progress will be measured in relation to the predetermined benchmarks.

Scoring:

Progress and goal attainment will be evaluated by comparing the benchmark for a given cycle year with the attainment in that year. This comparison will be quantified by dividing the goal's attainment value by its benchmark value for the cycle year (no percent attainment may exceed 100%). The resulting attainment ratio will be averaged across all institutional benchmarks related to this indicator. Campus level activities required for funding consideration are:

- **Year One:** Institutions will receive full points for the submission of all information related to Section I of this indicator. Furthermore, institutions must submit a strategic plan to address the requirements of Section II. All planning information related to Section II is due to the Commission and the governing boards no later than January 1, 2001. Final goals and benchmarks for each of the three areas identified above are due no later than January 1, 2001.
- **Year Two:** Points will be awarded for institutional performance on the benchmarks developed in year one. Furthermore, institutions must complete the comprehensive revision/review of all articulations agreements by the end of year one. The full report from this review will be submitted to the Commission in order to receive points for this standard during year two. In addition to this report, points will be awarded based upon the benchmark completion rates for the three areas identified in *Phase II*.
- **Year Three:** For year three only, the articulation and transfer standard will be evaluated in two parts: (1) report and (2) attainment of the three goals identified in Phase II. A maximum of two points will be awarded for submission of the status report (improving the transfer process and the matriculation and graduation of transfer students).

A maximum of three points will be awarded based on the attainment of the three goals. This will be accomplished by dividing the goal's attainment value by its benchmark value for the cycle year (no percent attainment may exceed 100%). The resulting percent attainment will be averaged across all goals to obtain an overall percent attainment. This percentage will be compared to Table 2A to award points:

Table 2A

Goal Attainment	Below 50%	50% to 80%	81% -90%	91% to 100%
Points	0	1	2	3

- **Years Four and Five:** Points will be awarded based upon the benchmark completion rate for the three areas identified in *Phase II*.

The overall scoring ratio will award points as follows:

Table 2B

Goal Attainment	Below 75%	76% to 84%	85% to 89%	90 to 94%	95% to 98%	99% to 100%
Points	0	1	2	3	4	5

STANDARD THREE: PLANNING AND COLLABORATION

A. *Institutional Strategic Plan Goals*

Points: 5 points

Purpose: This indicator is designed to provide incentives for institutions to improve the quality of their academic programs by evaluating progress toward specific goals contained in their institutional strategic plan.

Evaluation: Measurable objectives related to the institution's strategic plans will be developed and benchmarks set for each year of the cycle. Progress will be reported each year.

Processes:

1. Institutions will choose a minimum of two and a maximum of five specific goals derived from their institutional strategic plan. These goals must be stated in quantifiable terms with measurable benchmarks for each year of the cycle. Baseline values must be established prior to the beginning of the cycle.
2. Goals based on raw numbers (e.g., enrollment goals) should be converted to percentages.
3. Goals which involve percentage change from one year to the next should have a clear statement of the overall change expected over the five-year cycle.
4. Goals must be approved by both governing board and Commission staff prior to the beginning of the cycle. The section of the institutional strategic plan from which each goal is derived must be clearly referenced and documented.
5. Revision of goals and benchmarks will be allowed only in the 3rd year of the cycle. Justifications must be based on factors outside of institutional control in order to be considered for revision. Revisions must be approved by governing board and Commission staff.

Scoring: Progress toward goals will be evaluated by comparing the benchmark for a given cycle year with the attainment in that year. This ratio is derived by dividing the goal's attainment value by its benchmark value for the cycle year (no percent attainment may exceed 100%). The resulting percent attainment is averaged across all goals for the indicator to obtain an overall percent attainment. This overall percentage will be rounded to the nearest whole percentage and compared to Table 3A to award points for this indicator.

Table 3A

Goal Attainment	Below 80%	80% to 84%	85% to 89%	90% to 94%	95% to 98%	99% to 100%
Points	0	1	2	3	4	5

B. State Strategic Master Plan Goals

Points: 5 points

Purpose: Standard 3B is designed to provide incentives for institutions to improve the quality of their academic programs by evaluating progress toward specific goals contained in the state strategic master plan.

Evaluation: Measurable objectives related to the state strategic master plans will be developed and benchmarks set for each year of the cycle. Progress will be reported each year.

Processes:

1. Institutions must develop a minimum of two and a maximum of five goals derived from the state strategic master plan. These goals must be stated in quantifiable terms with measurable benchmarks for each year of the cycle. Baseline values must be established prior to the beginning of the cycle.
2. The goals must be directly tied to the nine priority areas identified in the state strategic master plan. Of the nine priority areas, five are of specific emphasis. These areas of emphasis include: ¹ teacher education; ² distance learning/technology; ³ life-long learning/continuing education; ⁴ collaborative initiatives; and ⁵ faculty development. Campuses are encouraged, but not required, to develop goals in these areas.
3. Goals based on raw numbers (e.g., enrollment goals) should be converted to percentages.
4. Goals which involve percentage change from one year to the next should have a clear statement of the overall change expected over the five year cycle.
5. Goals must be approved by both governing board and Commission staff prior to the beginning of the cycle. The section of the state master plan for which the goal is being set must be referenced and documented on the goal submission form when submitted to governing board and Commission staff.
6. Revision of goals and benchmarks will be allowed only in the 3rd year of the cycle. Reasons must be based on factors outside institutional control in order to be considered for revision. Revisions must be approved by governing board and Commission staff.

Scoring: Progress toward goals will be evaluated by comparing the benchmark for a given cycle year with the attainment in that year. This will be accomplished by dividing the goal's attainment value by its benchmark value for the cycle year (no percent attainment may exceed 100%). The resulting percent attainment will be averaged across all goals in the standard to obtain an overall percent attainment. Any weighting of goals will be applied while averaging these values to obtain the weighted average. This overall percentage will be rounded to the nearest whole percentage. This percentage will be compared to Table 3B to award points on this standard.

Table 3B

Goal Attainment	Below 80%	80% to 84%	85% to 89%	90% to 94%	95% to 98%	99% to 100%
Points	0	1	2	3	4	5

STANDARD FOUR: STUDENT OUTCOMES AND IMPLEMENTATION

A. *Output Attainment*

1. *Retention/Persistence*

Points: 5 points

Purpose: This indicator is designed to provide incentives for institutions to improve the quality of their undergraduate programs as evaluated by targeting specific retention and/or persistence to graduation strategies.

Evaluation: Evaluation will be accomplished by comparing institutional retention rates for first-time, full-time freshman to state or external norms. Each institution will be compared by their average retention rate over the past ten years, state norms, and national norms. An institution will be considered successful if they are at/above any of these three indicators. The Commission will approve only those goals that are justified based upon external normative data.

Processes:

1. Institutions will choose a minimum of one and a maximum of three specific goals derived from analysis of their retention and/or persistence data. These goals must be stated in quantifiable terms with measurable benchmarks for each year of the cycle. Baseline values must be established prior to the beginning of the cycle.
2. Goals based on raw numbers should be converted to percentages.
3. Goals which involve percentage change from one year to the next should have a clear statement of the overall change expected over the five year cycle.
4. Goals must be submitted on the approved goal submission form and must be approved by both governing board and Commission staff prior to the beginning of the cycle.
5. A clear description of the rationale for selecting specific retention strategies must be included on the form when submitting goals to governing board and Commission staff. All goals and related data are subject to verification, quantification, and replication by outside reviewers.
6. Revision of goals and benchmarks will be allowed only in the 3rd year of the cycle. Justifications for revision must be based on factors outside institutional control in order to be considered for revision. Revisions must be approved by governing board and Commission staff.
7. If an institution elects to use multiple measures and goals, all goals will be assigned equal weight.

Scoring: Progress toward goals will be evaluated by comparing the benchmark for a given cycle year with the goal attainment levels for that year. This comparison is made by dividing the goal attainment value by its benchmark value for the cycle year (no percent attainment may exceed 100%). The resulting percent attainment will be averaged across all goals in the standard to obtain an overall percent attainment. This overall percentage will be rounded to the nearest whole percentage which will be compared to Table 4A-1 to award points on this standard.

Table 4A-1

Goal Attainment	Below 80%	81% to 84%	85% to 89%	90 to 94%	95% to 98%	99% to 100%
Points	0	1	2	3	4	5

2. Job Placement (Two-Year Institutions ONLY)

Points: 15 points

Purpose: Standard 4A-2 is designed to provide incentives for two-year institutions to continue to improve job placement of their career program graduates.

Evaluation: Each major field career program (certificate and A.A.S.) will be evaluated by the placement rate of its graduates.

Processes:

1. Institutions will conduct a survey of graduates each year to determine the number placed. Graduates from the spring, summer and fall terms within a calendar year will be surveyed through June 30 of the following year. For example, graduates from spring 1999, summer 1999 and fall 1999 will be surveyed through June 30, 2000 and the results will comprise the report for the first cycle year.
2. Auditable records of survey results must be maintained for at least two years.
3. Graduates in military service or who are pursuing further education will not be included in the total number of program completers.
4. All career programs must be evaluated, except for general transfer certificate and university parallel programs.
5. Although scoring is cumulative, institutions must report placement rates by program.

Scoring: The placement rate will be calculated by dividing the total number of students placed in fields related to training by the total number of eligible completers.

Total number of eligible program completers placed

Total number of eligible program completers

Scoring will be based on the overall placement rate for an institution. This placement ratio will be compared to Table 4A-2 to award points on this standard.

Table 4A-2

Score	Below 64%	64% to 65%	66% to 67%	68% to 69%	70% to 71%	72% to 73%	74% to 75%	76% to 77%	77% to 78%	79% to 80%	81% to 82%	83% to 84%	85% to 86%	87% to 88%	89% to 91%	92% to 100%
Points	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

B. *Assessment Implementation*

Points: 10 points

Purpose: This indicator is designed to provide incentives for institutions to incorporate the information obtained through performance funding related assessment into their day-to-day activities. In the fifth year of the cycle, institutions should prepare an overall report that incorporates all performance funding related activity into a coherent package. This overall report will facilitate planning and allow institutions to prepare for their SACS visits. This standard builds upon the foundation of the SACS self-study by requiring institutions to document quality and effectiveness by employing a comprehensive system of planning and evaluation in every major aspect of the institution impacted by performance funding.

Evaluation: Institutions will report annually on all actions taken to incorporate the information gathered from performance funding into their day-to-day activities. Furthermore, institutions will report on actions taken to remedy weaknesses identified as a result of performance funding assessment activity. Commission and governing board staffs, as well as external and peer evaluators will review these evaluations.

Processes:

1. At the onset of the new cycle, institutions should hold planning sessions with all deans, department heads, and administrators. Widespread involvement in the planning process will work to incorporate performance funding into the campus culture.
2. Within a reasonable time period after obtaining the results from the required assessment activities, institutions must hold campus level meetings to discuss the findings and to assess their impact on areas such as curricula, pedagogy, campus planning, student success/satisfaction, and the campus budgetary process.
3. At the conclusion of the first year of the cycle, institutions must report a summary of the findings of this preliminary self-study and corrective measures proposed to remedy the identified problem areas.
4. The preliminary self-study must exhibit the following features:
 - a. Specific and measurable goals and objectives
 - b. Specific schedule of attainment for each self-identified problem area
 - c. Involvement of the faculty in planning/development, execution, and evaluation
 - d. Mission specific focus on student learning and instructional activity
 - e. Cogent implementation strategy for all performance funding related assessment activities
5. During years 24 of the cycle, institutions are required to submit status reports to the Commission and governing boards. These status reports will detail activities undertaken at each institution to remedy the problem areas identified by the preliminary self-study in Year One. Institutions are also required to report on areas of progress in each of the self-identified problem areas.
6. In the fifth year of the cycle, institutions will conduct a summative evaluation of all activities undertaken to incorporate performance funding into campus wide planning, assessment, and evaluation.

Scoring: An institution may receive up to 10 points for this indicator. Point allocation will be determined based upon the subjective evaluation of institutional self-study reports. Commission and governing board staffs, as well as external and peer evaluators will review these evaluations and assign points based upon a predetermined set of indicators.